

Message Text

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PAGE 01 LONDON 03067 01 OF 02 241212Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
NSCE-00 SSO-00 INRE-00 /051 W
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O 241200Z FEB 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 3507

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 03067

E.O. 11652: GDS
TAGS: EAIR, US, UK
SUBJ: CIVAIR: REACTION TO US MESSAGE ON BRANIFF FARES

REF: (A) STATE 46400; (B) LONDON 3007; (C) LONDON 3021
(D) STATE 47195

1. SUMMARY: ANGRY INITIAL BRITISH REACTION TO MESSAGE ON BRANIFF'S FARES. EMBASSY SUGGESTS NEED TO KEEP GOAL OF GOOD AVIATION RELATIONS WITH U.K. FIRMLY IN MIND WHILE PURSUING U.S. AVIATION INTERESTS. END SUMMARY.

2. CIVAIR ATTACHE HANDCARRIED REF A MESSAGE ON BRANIFF FARES TO SHOVELTON'S OFFICE MORNING OF FEBRUARY 23. SHOVELTON GLANCED THROUGH IT, COMMENTED MILDLY BUT POINTEDLY ON ITS STRONG TONE, AND ASKED THAT IT BE TAKEN TO IAN BROWN OF HIS OFFICE.

3. BROWN WAS NEARLY APOPLECTIC. REFERRING FREQUENTLY TO THE BUDGET AND STANDBY FARE ISSUES (SEE REF C), HE OBJECTED TO THE TONE OF THE MESSAGE AND SAID IT APPEARED THAT SOME ELEMENTS OF THE USG ARE "SPOILING FOR A FIGHT", PERHAPS WITH THE ULTIMATE OBJECTIVE OF GETTING RID OF BERMUDA 2. QUOTING ALAN BOYD, HE REMINDED HIS VISITOR THAT THE UK "IS NOT CONFIDENTIAL

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PAGE 02 LONDON 03067 01 OF 02 241212Z

EASILY BULLIED". THE UK, HE SAID, HAD HOPED THAT A NEW AGREEMENT WOULD REDUCE THE LEVEL OF ARGUMENT THAT HAD EXISTED IN THE LATTER DAYS OF BERMUDA L, BUT THINGS SEEMED TO BE GETTING WORSE INSTEAD. WHAT WAS THE PURPOSE OF WORKING TOWARD A CHARTER AGREEMENT IF WE WOULD THEN SPEND OUR TIME ARGUING OVER WHAT IT MEANT?

4. MORE SPECIFICALLY, BROWN OBJECTED TO U.S. RESORT TO LEGALISMS. IF U.K. DID SAME, HE NOTED, IT COULD SIMPLY SAY IT HAD NO VALID FILING BEFORE IT, SINCE IN U.K. VIEW ANY COMMUNICATION BEFORE DESIGNATION, WHILE USEFUL, COULD NOT BE CONSIDERED A LEGAL FILING, AND ANY FILING AFTER DESIGNATION, IN BRANIFF'S CASE, COULD NOT BE TIMELY, UNDER BERMUDA 2, FOR A MARCH L INAUGURAL. FURTHER, HE SAID, THE U.S. HAD NEVER REQUESTED CONSULTATIONS ON ANY OF THE FARES FOR THE L978 SUMMER SEASON WITH WHICH THE U.K. HAD EXPRESSED DISSATISFACTION, AS REQUIRED BY BERMUDA 2; INSTEAD, IT APPEARED TO AVOID SUCH CONSULTATION. BROWN NOTED THAT DEPARTMENT OF TRADE AND CIVIL AVIATION AUTHORITY HAD WORKED HARD WITH BRANIFF TO MAKE A MARCH L INAUGURAL POSSIBLE. ONLY THE FARES ISSUE REMAINED AND THAT WAS CLOSE TO RESOLUTION BETWEEN BRANIFF AND THE U.K. AUTHORITIES. (SHOVELTON HAD SAID THE ONLY REMAINING PROBLEM WAS AN ASPECT OF THE GROUP-100 FARE, PRESUMABLY THE LEVEL, WHICH BROWN SAID COULD NOT SERIOUSLY UNDERCUT BRITISH CALEDONIAN'S SUPER-APEX, BCAL'S ONLY COMPETITIVE FARE.) HE COMPARED THE BRITISH EFFORT QUITE BITTERLY WITH THE MINIMUM 90-DAY PERIOD REQUIRED FOR COMPARABLE U.S. ACTION.

5. BROWN DID NOT ADDRESS THE U.S. CONTENTION THAT BRANIFF'S ORIGINALLY PROPOSED FARES MEET THE CRITERIA
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PAGE 03 LONDON 03067 01 OF 02 241212Z

OF THE AGREEMENT, PROBABLY FEELING THAT THE U.K. VIEW ON THAT POINT HAD BEEN PUT AT LENGTH IN THE FARES MEMO DELIVERED SHORTLY BEFORE (REF B), BUT HE REJECTED VEHEMENTLY OUR ARGUMENT THAT THE U.K. CANNOT REJECT INITIAL FARES. HE SAID IN SUBSTANCE:

A. THE AGREEMENT REQUIRES THAT ALL FARES BE APPROVE BY BOTH SIDES.

B. IT MAKES NO EXCEPTION FOR INITIAL FILINGS.

C. BESIDES, THERE ARE EXISTING FARES FOR DALLAS-LONDON, AND THE FACT THEY ARE VIA THIRD POINTS IS IRRELEVANT.

6. BRITISH WILL PROVIDE A MORE CONSIDERED REPLY IN WRITING.

7. COMMENT: IT IS NOT DIFFICULT TO UNDERSTAND WHY THE BRITISH ARE UPSET. FROM THEIR POINT OF VIEW, IN FAIRLY QUICK SUCCESSION USG FAILED TO DISAVOW EXPLICITLY BRANIFF'S CLAIM TO USE OF HEATHROW, DESPITE THE NEGOTI-

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PAGE 01 LONDON 03067 02 OF 02 241208Z
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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 03067

ATING HISTORY; SOME USG ELEMENTS WERE REPORTED TO BE ENCOURAGING U.S. AIRLINES TO IMPLEMENT FARES NOT APPROVE BY THE BRITISH GOVERNMENT; AND THEN THE DEPT. OF TRADE RECEIVED A THREATENING MESSAGE REGARDING BRANIFF'S FARES IN WHICH ONE HALF OF THE U.S. ARGUMENT WAS BASED ON A STRAINED INTERPRETATION OF THE BILATERAL AND THE OTHER HALF IGNORED BRITISH CONCERNS AND EXPERIENCE. (HOPEFULLY DEPARTMENT'S ACTION ON BUDGET AND STANDBY FARES REPORTED REF D WILL SOOTHE BRITISH FEELINGS.)

8. THE EMBASSY UNDERSTANDS U.S. AVIATION POLICY VIS-A-VIS THE U.K. TO BE TO PURSUE U.S. AVIATION INTERESTS VIGOROUSLY IN A FRAMEWORK OF FRIENDLY RELATIONS BASED ON MUTUAL TRUST. CLEARLY THIS DOES NOT MEAN THAT THE U.S. SHOULD NEVER TAKE ACTIONS THAT WILL MAKE THE BRITISH ANGRY. AT THE SAME TIME WE SHOULD THINK TWICE BEFORE UNDERTAKING ACTIONS THAT WILL BE INTERPRETED AS BULLYING OR MISREADING THE INTENT OF THE DRAFTERS OF BERMUDA 2.

9. EMBASSY WOULD APPRECIATE AN OPPORTUNITY TO COMMENT ON ANY SPECIFIC "RESPONSIVE ACTIONS", TOGETHER WITH THEIR PROPOSED JUSTIFICATION, BEFORE THEY ARE UNDERTAKEN.

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PAGE 02 LONDON 03067 02 OF 02 241208Z

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